

CF**Computation of amounts to report on Form ND-1
under composite filing method****2005**
Attach to Form ND-1

Name of partnership, S corporation, or trust				Federal employer identification number	
Address of partnership, S corporation, or trust		City	State	Zip Code	
Name and address of North Dakota Tax Matters Person				Phone number of North Dakota Tax Matters Person	
Column A Social security number	Column B Name of partner, shareholder, or beneficiary	Column C Distributive share of North Dakota income or loss (See instructions)	Column D North Dakota income tax liability (Column C x 5.54%)	Column E Estimated tax paid (Form 400-ES)	Column F Underpayment interest (Form 400-UT)
Total - Add the separate amounts for all partners, shareholders, or beneficiaries. See instructions for where to enter these amounts on Form ND-1					

- **Attach a copy of pages 1 and 2 of Form 58, Form 60 or Form 38, whichever applies.**
- **On the Form ND-1 (in the upper right-hand corner), fill in the circle in the shaded box which reads "Fill in if this is a COMPOSITE RETURN."**

Page ____ of ____

2005 Schedule CF instructions

Important—Please read the *Income Tax Guideline: Composite Filing Method* for information on eligibility and the procedures for composite filing.

Purpose of schedule

This schedule must be completed and attached to North Dakota Form ND-1 by a partnership, S corporation, or trust (pass-through entity) electing to file a composite North Dakota individual income tax return on behalf of two or more of its eligible partners, shareholders, or beneficiaries (member). See “Eligible Members” in the *Income Tax Guideline: Composite Filing Method*.

See **How to prepare Form ND-1** below for instructions on how to complete Form ND-1 under the composite filing method.

How to prepare Schedule CF

Enter the name, address and federal employer identification number of the pass-through entity in the top portion of Schedule CF.

Also enter the name, address and phone number of the North Dakota Tax Matters Person. If the pass-through entity designates a third party to act as the North Dakota Tax Matters Person, North Dakota Form 500 must be completed and attached to the composite return. See “North Dakota Tax Matters Person” in the *Income Tax Guideline: Composite Filing Method*.

Columns A and B

Enter the social security number and name of each member included in the composite return.

Column C

Enter each member’s distributive share of North Dakota income (loss) from the pass-through entity. The distributive share of income (loss) of an eligible member is determined on:

- Form 58, for a partner.
- Form 60, for a shareholder.
- Form 38, for a beneficiary.

If a partnership or an S corporation disposes of property for which an I.R.C. § 179 expense deduction was passed through to the partners or shareholders, and the gain or loss is not included in the amount on line 1 of Form 58 or Form 60, include in this column the distributive share of the gain or loss to the extent it is allocable or apportionable to North Dakota. For this purpose, determine the gain or loss at the partnership or S corporation level, reducing the basis for gain or loss by the I.R.C. § 179 expense deduction passed through to the partners or shareholders (regardless of the amount actually used by them).

Column D

Calculate the North Dakota income tax liability for each member by multiplying the distributive share of North Dakota income (in Column C) by 5.54% (.0554) and enter the result. If the amount in Column C is zero or a loss, enter -0-.

Column E

Enter the amount of estimated North Dakota income tax, if any, that the pass-through entity paid on behalf of each member.

Column F

Enter the amount of interest, if any, that the pass-through entity computed on behalf of each member for underpayment of estimated North Dakota income tax. The amount of underpayment interest must be computed on an individual basis using Form 400-UT.

How to prepare Form ND-1

The following instructions apply for purposes of completing Form ND-1 under the composite filing method.

General instructions

Enter in the taxpayer identification area the name, address and federal employer identification number of the pass-through entity. Enter the federal employer identification number under “Your social security number.”

Do not fill in any circles under **Filing status**.

For the **School district code**, enter “54-000”. For the **Income source code**, enter the applicable number from the list in the Form ND-1 instruction booklet.

If applicable, fill in the circle for “Amended” or “Extension.”

Do not enter a fiscal year end date unless the tax year of the members included in this return have a fiscal tax year, and all of them have the same fiscal year. A composite return represents the return of the members included in it, and therefore must be filed based on their tax year.

Do not answer the question “Were you required to pay estimated federal income tax for 2005?”

Important: Fill in the circle in the shaded box which reads “Fill in if this is a COMPOSITE RETURN” in the upper right-hand corner of Form ND-1.

Specific line instructions to Form ND-1

Disregard the instructions to lines D through 29 printed on the face of Form ND-1 and in the Form ND-1 instruction booklet. Instead, complete these lines as follows:

Lines D through 16

Enter the total from Column C, Schedule CF, on lines D, 1, 5, and 16.

Lines 17 through 27

Enter the total from Column D, Schedule CF, on lines 17, 18, and 27.

Lines 28 and 29

Enter the total from Column E, Schedule CF, on line 29.

Lines 30 through 39

Complete these lines according to the instructions printed on the face of Form ND-1 and in the Form ND-1 instruction booklet.

Line 40

Enter on this line the total from Column F, Schedule CF. This amount will either reduce the refund or increase the balance due on Form ND-1.

Signature

Form ND-1 must be signed by the North Dakota Tax Matters Person.

Attachments

The following must be attached to Form ND-1:

- Schedule CF.
- A copy of pages 1 and 2 of North Dakota Form 58, Form 60, or Form 38, whichever applies.

Due date

If the taxable year of the members included in the composite return is the 2005 calendar year, the composite return must be filed on or before April 15, 2006. If the taxable year of the members included in the composite return is a fiscal year, the composite return must be filed on or before the 15th day of the fourth month following the end of the members’ fiscal year.

Extension of time to file. To request an extension of time to file a composite return, complete North Dakota Form 101 and file it on or before the due date. This is not an automatic extension. There must be good cause for requesting an extension of time to file. *Note: Disregard the instructions on Form 101 with respect to a federal extension. A federal extension is not recognized for composite filing purposes.*